

## Message Text

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FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

C O N F I D E N T I A L STATE 171122

FOR CTB DELEGATION

FOL RPT VIENNA 6663 ACTION SECSTATE INFO USERDA HQ WASHDC  
USERDA HQ GERMANTOWN MOSCOW LONDON NEW DELHI OTTAWA BOMBAY  
19 JUL 77 QUOTE

C O N F I D E N T I A L VIENNA 6663

USIAEA

DEPT PASS IO/SCT

EO 11652: GDS

TAGS: PARM, TECH, IAEA, IN, UR, CA

SUBJ: INDIA/IAEA NEGOTIATIONS OF SAFEGUARDS AGREEMENT IN  
CONNECTION WITH USSR-SUPPLIED HEAVY WATER

REF: STATE 164662

SUMMARY: IAEA ACTING DIRECTOR GENERAL HALL, WITH  
CONCURRENCE US, USSR, CANADA, AND UK, WILL REPLY TO  
SETHNA, URGING HIM TO ACCEPT SECRETARIAT TEXT OF  
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SAFEGUARDS AGREEMENT. ACTION REQUESTED:  
CONSIDERATION OF APPROACH TO USSR TO URGE USE OF ITS  
INFLUENCE ON GOI. END SUMMARY.

1. TIMELY GUIDANCE PROVIDED REFTEL MUCH APPRECIATED.

2. AT IAEA ACTING DIRECTOR GENERAL HALL'S MEETING

JULY 15, HE DISTRIBUTED PROPOSED TEXT OF CABLE TO SETHNA, SUBSTANTIVE PART OF WHICH READS QUOTE IN VIEW OF AMBIGUOUS STATUS OF EXISTING TRILATERAL AGREEMENT (INDIA/CANADA/IAEA) FOR RAJASTHAN POWER STATION AND POSSIBILITY THAT YOUR PROPOSAL COUPLED WITH SUBSTITUTION CLAUSES OF NEW DRAFT AGREEMENT AND TERMINATION PROVISIONS OF EXISTING TRILATERAL COULD RESULT IN WITHDRAWAL OF BOTH RAPP 1 AND RAPP 2 FROM IAEA SAFEGUARDS AND ALSO RESULT IN SINGLE GENERATION SAFEGUARDS ON PRODUCED MATERIAL I CONSIDER THAT DIRECTOR GENERAL WOULD NOT BE ABLE TO RECOMMEND YOUR SOLUTION TO BOARD OF GOVERNORS AND URGE YOU TO ACCEPT SECRETARIAT PROPOSAL TO INCORPORATE REFERENCE RAJASTHAN ATOMIC POWER STATION IN MAIN PART OF INVENTORY OF PROPOSED NEW AGREEMENT. UNQUOTE.

3. HALL ALSO DISTRIBUTED THREE-PAGE SUMMARY AND ANALYSIS OF THE SAFEGUARDS SITUATION AT THE RAJASTHAN ATOMIC POWER STATION, PREPARED BY THE SECRETARIAT. TEXT OF THAT PAPER BEING TRANSMITTED SEPTEL.

4. HALL ASKED U.S., USSR AND CANADIAN REPS IN TURN, WHETHER THEIR RESPECTIVE GOVERNMENTS AGREED WITH HALL'S PROPOSED ACTION. U.S. AND CANADA (HAFFEY) READILY AGREED (HAFFEY STATING THAT CANADIAN GOVERNOR WOULD SPEAK AGAINST APPROVAL OF AGREEMENT IF BOARD OF CONFIDENTIAL

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GOVERNORS PRESENTED WITH TEXT AS PROPOSED BY SETHNA). USSR WAS REPRESENTED BY ZOBOV, FIRST SECRETARY (APPARENTLY RANKING MEMBER PRESENTLY IN VIENNA) OF MISSION, WHO WAS RELUCTANT TO STATE ANY POSITION, BUT AT HALL'S INSISTENCE DID STATE THAT HIS GOVERNMENT SUPPORTED THE AGENCY SECRETARIAT'S EFFORTS TO CONCLUDE A SATISFACTORY AGREEMENT.

5. HALL THEN ASKED UK RESIDENT REPRESENTATIVE SLATER FOR VIEWS, NOTING THAT UK HAD BEEN ASKED TO JOIN MEETING TO PROVIDE QUOTE WISDOM UNQUOTE, SINCE UK WAS NOT RPT NOT DIRECTLY INVOLVED IN RELEVANT NUCLEAR POWER STATION. SLATER SAID UK HAD AGREED THAT HALL SHOULD SEND CABLE AS PROPOSED. HE HAD NO INSTRUCTIONS, HOWEVER, RE POSITION AT BOARD OF GOVERNORS, BUT ASSUMED UK WOULD SUPPORT SECRETARIAT POSITION. HE WENT ON TO SAY THAT HE WAS PERSONALLY CONCERNED THAT IF AGREEMENT OF TYPE PROPOSED BY SETHNA WAS PRESENTED TO BOARD, IT WOULD BE PLAYED AS AN ISSUE BETWEEN DEVELOPING (RECIPIENT) MEMBERS AND INDUSTRIALIZED (SUPPLIER) MEMBERS. IF DEVELOPING MEMBERS OF BOARD ACHIEVED SOLIDARITY ON THE ISSUE, IT WAS CONCEIVABLE THAT THE BOARD (WITH ONE OR TWO

ABSTENTIONS) WOULD APPROVE THE VERSION PROPOSED BY SETHNA,

NOTWITHSTANDING THE SECRETARIAT'S POSITION. SUCH RESULT HE FELT WOULD HAVE DAMAGING EFFECT ON AGENCY SAFEGUARDS AND SHOULD, THEREFORE, BE AVOIDED. ACCORDINGLY, HE WOULD SUGGEST TO UK AUTHORITIES THAT THEY CONSIDER WHETHER THEY ARE IN POSITION TO INFLUENCE GOI TO ACCEPT SECRETARIAT TEXT. HE COULD NOT ASSESS, HOWEVER, EXTENT OF POSSIBLE UK INFLUENCE, PARTICULARLY IN MATTER IN WHICH IT WAS NOT DIRECTLY INVOLVED.

6. HALL ASKED WHETHER USG WOULD CONSIDER BILATERAL APPROACH TO GOI, TO WHICH I RESPONDED THAT USSR, AS CONFIDENTIAL

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SUPPLIER, WOULD BE MOST EFFECTIVE IN PERSUADING GOI TO ACCEPT SECRETARIAT FORMULATION AND ASKED ZOBOV WHETHER HIS GOVERNMENT HAD TAKEN SUCH ACTION. HE RESPONDED WITH VAGUE REFERENCE TO BILATERAL DISCUSSIONS OF HEAVY WATER SUPPLY EARLIER THIS YEAR WHICH HE THOUGHT, HOWEVER, WERE ONLY IN GENERAL TERMS. IN RESPONSE TO FURTHER QUESTIONS RE STATUS OF HEAVY WATER DELIVERIES, HE PROFESSED LACK OF KNOWLEDGE.

7. HALL STATED THAT HE WOULD MEET WITH INDIAN AMBASSADOR MEHTA LATER THAT DAY AND INFORM HIM OF INTENTION TO SEND CABLE (TEXT PER PARA 2 ABOVE) TO SETHNA AND THAT US, USSR AND CANADA AGREE WITH THAT ACTION. SUBSEQUENTLY, HALL REPORTED THAT, AT MEHTA'S SUGGESTION, REPLY TO SETHNA WOULD BE IN FORM OF LETTER, RATHER THAN CABLE.

8. DURING DISCUSSION, HAFLEY INQUIRED RE PROCEDURE SECRETARIAT WOULD FOLLOW IN EVENT SETHNA INSISTED UPON PRESENTATION TO BOARD OF GOVERNORS OF TEXT IN FORM HE FAVORED. HALL SAID THAT DIRECTOR GENERAL WOULD CIRCULATE TEXT UNDER COVER MEMO WHICH WOULD MAKE CLEAR SECRETARIAT'S DISSATISFACTION AND, CONTRARY TO USUAL PRACTICE, WOULD OMIT RECOMMENDATION OF BOARD APPROVAL BY DIRECTOR GENERAL. HALL ALSO NOTED THAT LITTLE TIME REMAINED TO RESOLVE ISSUE WITH GOI, SINCE HE EXPECTED SETHNA TO PUSH FOR ACTION AT SEPTEMBER BOARD MEETING, IN ORDER TO ASSURE DELIVERY BY USSR OF REMAINDER OF HEAVY WATER UNDER CONTRACT SCHEDULE. IN THAT EVENT, SECRETARIAT WOULD NEED TO CIRCULATE CONFIDENTIAL

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SAFEGUARDS AGREEMENT TEXT BY MID-AUGUST.

9. DEPARTMENT MAY WISH CONSIDER APPROACH TO USSR,  
EITHER IN WASHINGTON OR MOSCOW, TO URGE USE OF ITS  
LEVERAGE WITH GOI IN CONNECTION WITH FURTHER DELIVERIES  
, IN ORDER TO PERSUADE GOI TO ACCEPT SECRETARIAT'S  
TEXT OF AGREEMENT.

10. SLATER MENTIONED DURING DISCUSSION REPORT FROM  
NEW DELHI THAT PRIME MINISTER DESAI HAD RESPONDED TO  
PARLIAMENTARY QUESTIONS TO EFFECT THAT INDIA WOULD  
NOT RPT NOT CONDUCT FURTHER NUCLEAR EXPLOSIONS. AT  
SAME OCCASION, DESAI REPORTEDLY STATED STRONG  
NATIONALISTIC OBJECTION TO INSPECTION OF INDIAN  
FACILITIES. MISSION WOULD APPRECIATE REPORT OF DETAILS  
OF STATEMENT AND ANALYSIS. STONE

UNQUOTE VANCE

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## Message Attributes

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**TAGS:** PARM, TECH, IN, UR, CA, IAEA  
**To:** GENEVA USIAEA  
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